ARIZONA CORPORATION COMMISSION UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY



W-01717A
PONDEROSA UTILITY CORPORATION
3A OSAGE STREET
FLAGSTAFF, AZ 86001

ANNUAL REPORT

FOR YEAR ENDING

12 31 2004

RECEIVED

APR 1 8 2005

AZ Corporation Commission Director Of Utilities

FOR COMMISSION USE

ANN04 04

COMPANY INFORMATION

Company Name (Business Name) _	PONDEROSA UTILITY CORP	ORATION
Mailing Address <u>3A OSAGE STREE</u>	<u>T</u>	
(Street) FLAGSTAFF	AZ	86001
(City)	(State)	(Zip)
(928) 525-6210	(928) 525-9444	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address		
Local Office Mailing Address SAME	AS ABOVE_	
(City)	(State)	(Zip)
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address		
MAN	AGEMENT INFORMATION	<u>ON</u>
Management Contact: SUSAN TI	EN PAS	

	(Name)	(Ti	itle)
3A OSAGE STREET	<u>FLAGSTAFF</u>	<u>AZ</u>	86001
(Street)	(City)	(State)	(Zip)
(928) 525-6210	(928) 525-9444		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (In	nclude Area Code)
mail Address			
***************************************	BOVE (Name)		
On Site Manager: SAME AS A		(State)	(Zip)
on Site Manager: SAME AS A	(Name)	(State) Pager/Cell No. (Inc	

Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: SAME AS A	BOVE			
	(Name)	•		
(Street)	(City)	(State)	(Zip)	
Telephone No. (Include Area Code)	Fax No. (Include Area Code	Pager/Cell No. ((Include Area Code)	
Attorney:	(Name)	-114 · 1		
	(Maine)			
(Street)	(City)	(State)	(Zip)	
Telephone No. (Include Area Code)	Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)			
□ Please mark this box if the above	address(es) have changed or are	updated since the	e last filing.	
<u>0\</u>	WNERSHIP INFORMATIO	<u>N</u>		
Check the following box that applies to	your company:			
Sole Proprietor (S)	C Corporation (C	() (Other than As	sociation/Co-op)	
Partnership (P)	Subchapter S Con	rporation (Z)		
Bankruptcy (B)	Association/Co-o	p (A)		
Receivership (R)	Limited Liability	Company		
Other (Describe)				
	COUNTIES SERVED			
Check the box below for the county/ies	in which you are certificated to pr	ovide service:		
Д АРАСНЕ	☐ COCHISE	⊠ coc	ONINO	
☐ GILA	☐ GRAHAM	☐ GRE	ENLEE	
☐ LA PAZ	☐ MARICOPA	□ мон	HAVE	
☐ NAVAJO	☐ PIMA	☐ PINA	AL	
☐ SANTA CRUZ	☐ YAVAPAI	☐ YUM	IA	
☐ STATEWIDE				

UTILITY PLANT IN SERVICE AS OF 01/31/05

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	1,443	:	1,443
302	Franchises			
303	Land and Land Rights	1,361		1,361
304	Structures and Improvements	119,247	76,057	43,190
307	Wells and Springs	223,844	84,147	139,697
311	Pumping Equipment	46,166	37,845	8,321
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	71,548	63,096	8,452
331	Transmission and Distribution Mains	184,607	184,607	0
333	Services	33,404	33,404	(0)
334	Meters and Meter Installations	50,949	43,576	7,373
335	Hydrants	5,609	5,476	133
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	121	45	76
340	Office Furniture and Equipment	18,032	13,048	4,984
341	Transportation Equipment	85,517	32,860	52,657
343	Tools, Shop and Garage Equipment	27,127	16,231	10,896
344	Laboratory Equipment			
345	Power Operated Equipment	863	493	370
346	Communication Equipment	706	527	179
347	Miscellaneous Equipment	1,645	687	958
348	Other Tangible Plant	1,348	961	387
	TOTALS	873,537	593,060	280,477

This amount goes on the Balance Sheet Acct. No. 108

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR AS OF 01/31/05

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
		(-)		
301	Organization	1,443		
302	Franchises			
303	Land and Land Rights	1,361		
304	Structures and Improvements	119,247	5%	5,962
307	Wells and Springs	223,844	5%	11,020
311	Pumping Equipment	46,166	5%	2,308
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	71,548	5%	3,578
331	Transmission and Distribution Mains	184,607	5%	5,107
333	Services	33,404	5%	678
334	Meters and Meter Installations	50,949	5%	2,526
335	Hydrants	5,609	5%	
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	121	5%	6
340	Office Furniture and Equipment	18,032	5%	867
341	Transportation Equipment	85,517	5%	4,076
343	Tools, Shop and Garage Equipment	27,127	5%	
344	Laboratory Equipment			
345	Power Operated Equipment	863	5%	43
346	Communication Equipment	706	5%	
347	Miscellaneous Equipment	1,645	5%	İ
348	Other Tangible Plant	1,348	5%	
	SUBTOTALS	873,537		37,976
	CIAC Amortization			4,780
	TOTALS			33,196

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.



To the Board of Directors of Ponderosa Utility Corporation Scottsdale, Arizona

We have compiled the balance sheet of Ponderosa Utility Corporation (a corporation) as of January 31, 2005 and 2004, and the comparative statement of income and expense for the years then ended included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting in the form prescribed by the Arizona Corporation Commission information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements are presented in accordance with the requirements of the Arizona Corporation Commission, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

All other information contained in the accompanying prescribed form has not been audited, reviewed, or compiled by us and, accordingly, we assume no responsibility for that information.

Ullmann & Company, P.C.

Certified Public Accountants

April 6, 2005

BALANCE SHEET

1/31/2004

1/31/2005

		1.	J1/2007		75172005
Acct.		BAI	ANCE AT	BAI	LANCE AT
No.		BEG	INNING OF	1	END OF
	ASSETS	YEAR		YEAR	
	CURRENT AND ACCRUED ASSETS				
131	Cash	\$	1,634	\$	9,507
134	Working Funds				
135	Temporary Cash Investments				
141	Customer Accounts Receivable		19,148		21,251
146	Notes/Receivables from Associated Companies	i			
151	Plant Material and Supplies		1,850		1,850
162	Prepayments				
174	Miscellaneous Current and Accrued Assets				- 1111111111111111111111111111111111111
	TOTAL CURRENT AND ACCRUED ASSETS				
		\$	22,632	\$	32,608
	FIXED ASSETS	+			
101	Utility Plant in Service	\$	855,724	\$	873,537
103	Property Held for Future Use				
105	Construction Work in Progress				···
108	Accumulated Depreciation - Utility Plant		555,084		593,060
121	Non-Utility Property				
122	Accumulated Depreciation - Non Utility				
	TOTAL FIXED ASSETS	\$	300,640	\$	280,477
	TOTAL ASSETS	\$	323,272	\$	313,085

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

BALANCE SHEET (CONTINUED)

	Diterior Silber (COI)		/31/2004		1/31/2005
Acct. No.	LIABILITIES	BE	ANCE AT GINNING F YEAR		LANCE AT END OF YEAR
· -					
221	CURRENT LIABILITES				
231	Accounts Payable		20.500	ļ	
232	Notes Payable (Current Portion)		29,500		0 0
234	Notes/Accounts Payable to Associated Companies		5,000		26,193
235	Customer Deposits		11,824		13,069
236	Accrued Taxes		7,730	<u> </u>	9,620
237	Accrued Interest				
241	Miscellaneous Current and Accrued Liabilities				
	TOTAL CURRENT LIABILITIES	\$	54,054	\$	48,882
	LONG TERM DERT (Occur 12 Months)				
224	LONG-TERM DEBT (Over 12 Months)		27.904	\$	
224	Long-Term Notes and Bonds	\$	37,894	Э	
	DEFERRED CREDITS				
251	Unamortized Premium on Debt				
252	Advances in Aid of Construction		23,687		24,068
255	Accumulated Deferred Investment Tax Credits				
271	Contributions in Aid of Construction		95,595		95,595
272	Less: Amortization of Contributions	•	52,919		57,698
281	Accumulated Deferred Income Tax		· · · · · · · · · · · · · · · · · · ·		•
	TOTAL DEFERRED CREDITS	\$	66,363	\$	61,965
	TOTAL LIABILITIES	\$	158,311	\$	110,847
		Ψ	150,511	Ψ	110,047
	CAPITAL ACCOUNTS				
201	Common Stock Issued	\$	52,541	\$	52,541
211	Paid in Capital in Excess of Par Value		29,091		29,091
215	Retained Earnings		83,329		120,606
	Proprietary Capital (Sole Props and Partnerships)		,		•
	TOTAL CAPITAL	\$	164,961	\$	202,238
	TOTAL LIABILITIES AND CAPITAL	- s	323,272		313,085
	TOTAL LIADILITED AND CALLIAD	r1s	عدا عدود عدد	Tab.	212,003

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

			1/31/2004		1/31/2005	
Acct.	OPERATING REVENUES	PR	IOR YEAR	CURRENT YEAR		
No.				1 _		
461	Metered Water Revenue	\$	212,274	<u> \$</u>	230,376	
460	Unmetered Water Revenue	,		· · · · · ·		
474	Other Water Revenues		3,883		4,293	
	TOTAL REVENUES	\$	216,157	\$	234,669	
	OPERATING EXPENSES					
601	Salaries and Wages	\$	118,455	\$	64,162	
610	Purchased Water					
615	Purchased Power		19,861		21,501	
618	Chemicals		2,549		0	
620	Repairs and Maintenance		10,347		11,429	
621	Office Supplies and Expense		13,483		11,999	
630	Outside Services	†	3,494		12,134	
635	Water Testing		0		4,471	
641	Rents				•	
650	Transportation Expenses		12,081		6,201	
657	Insurance - General Liability		7,577		5,752	
659	Insurance - Health and Life		· · · · · · · · · · · · · · · · · · ·		·	
666	Regulatory Commission Expense - Rate Case					
675	Miscellaneous Expense		0		6,333	
403	Depreciation Expense		37,011	1	33,196	
408	Taxes Other Than Income	1	9,553		5,733	
408.11	Property Taxes		8,591		8,915	
409	Income Tax		45		2,567	
	TOTAL OPERATING EXPENSES	\$	243,047	\$	194,393	
	OTHER INCOME/EXPENSE					
419	Interest and Dividend Income		i			
421	Non-Utility Income			•		
426	Miscellaneous Non-Utility Expenses					
427	Interest Expense	1	3,874		2,999	
·.	TOTAL OTHER INCOME/EXP	\$	(3,874)	\$	(2,999)	
	NET INCOME/(LOSS)	\$	(20.764)	¢	27 277	
	TIET HICOMETICOSS)	T)	(30,764)	Ф	37,277	

SUPPLEMENTAL FINANCIAL DATA Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
	05/01/2002	01/31/1999		
Date Issued				
	WIFA			
Source of Loan				
ACC Decision No.				
	PLANT IMP.	PLANT IMP		
Reason for Loan				
Dollar Amount Issued	\$ 47,094	\$ 115,295	\$	\$
Amount Outstanding	\$ 0	\$ 0	\$	\$
Date of Maturity	06/01/04	04/30/04		
Interest Rate	2.813%	6.8%	%	%
Current Year Interest	\$ 259	\$ 758	\$	\$
Current Year Principle	\$ 29,023	\$ 38,371	\$	\$

Meter Deposit Balance at Test Year End \$24,068

Meter Deposits Refunded During the Test Year \$3,060

COMPANY NAME	PONDEROSA	UTILITY	CORP-	

WATER COMPANY PLANT DESCRIPTION

$\underline{\mathbf{WELLS}}$

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-806223	30	7.5	950	10	3	3
55-511882	40	/20	1120	8	3	1998
			1 310			

^{*} Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
15	/	29	
10	4		
5	4		,

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
125,000	/	5000	/
84,000	,	3000	,
8500 7500	(1100	1
66,000	,		

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004

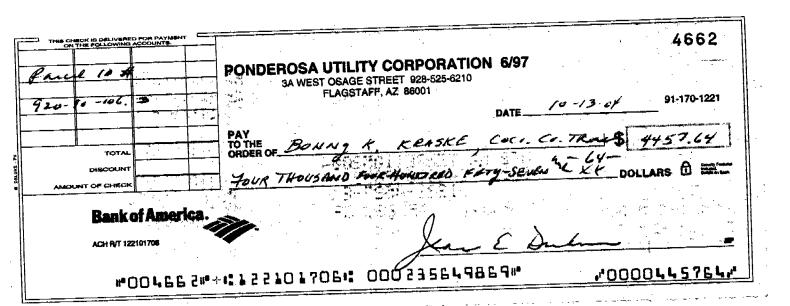
MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	526	1531	1600
FEBRUARY	527	1973	1990
MARCH	523	1826	1901
APRIL	528	1759	2218
MAY	529	2401	2670
JUNE	5 37	2993	3 2 79
JULY	542	3045	3569
AUGUST	5 36	2468	3048
SEPTEMBER	536	2376	3868
OCTOBER	538	2 289	2101
NOVEMBER	534	1987	1777
DECEMBER	5 32	2017	2765
	TOTAL	8//4	30796

Is the Water Utilit	y located in an ADWR Active Management Area (AMA)?
() Yes	(X) No
Does the Company	y have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
() Yes	$(\overset{\lambda}{)}$ No
If yes, provide the	GPCPD amount:

What is the level of arsenic for each well on your system. # 2 , 0015 mg/l (If more than one well, please list each separately.)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

THIS CHECK	PONDEROSA UTILITY CORPORATION 6/97 3A WEST OSAGE STREET 928-826-6210 FLAGSTAFF, AZ 86001 PAY TO THE ORDER OF COCODING CONTY / YES 6 UT THE SUM 4 3 3 0 DUM 0 I	
Bank of America	Dalta	
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PER DEPOSIT ONLY BONNY K. KRASKE SOCIAL MEDIET PERSURER 4784903889

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PAY TO THE ORDER DE WELLS FARED BANK AFFZONA MA 122105278

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BEPOSIT ONLY BONNY K, KRASKE CHONTOLIN WEISTER 4784903889 S.H.

ENDORSE HERE

COMPANY NAME PONDEROSA UTILITY CORPORATION YEAR ENDING 1/31/2004 **PROPERTY TAXES** Amount of actual property taxes paid during Calendar Year 2004 was: \$ 8,788 Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year. If no property taxes paid, explain why.

YEAR ENDING 1/31/2004

INCOME TAXES

For this reporting period, provide the following:		
Federal Taxable Income Reported Estimated or Actual Federal Tax Liability	12,038 1,806	
State Taxable Income Reported Estimated or Actual State Tax Liability	11,000 766	
Amount of Grossed-Up Contributions/Advances:		
Amount of Contributions/Advances	N/A	
Amount of Gross-Up Tax Collected	N/A	
Total Grossed-Up Contributions/Advances	N/A	

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE

Tentas 4/13/05 DATE

President

PRINTED NAME

TITLE

VERIFICATION AND

RECEIVED

SWORN STATEMENT **Intrastate Revenues Only**

APR 1 8 2005

VERIFICA	TION
STATE OF	ARIZONA

OF THE

COUNTY OF (COUNTY NAME) COCONINO NAME (OWNER OR OFFICIAL) TITLE AZ Corporation Commission Director Of Utilities

SUSAN TEN PAS, PRESIDENT

I, THE UNDERSIGNED

COMPANY NAME

PONDEROSA UTILITY CORPORATION

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE **UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:**

> Arizona Intrastate Gross Operating Revenues Only (\$) \$ 252,732

(THE AMOUNT IN BOX ABOVE **INCLUDES \$ 14,668** IN SALES TAXES BILLED, OR COLLECTED)

REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON. THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE **DIFFERENCE. (EXPLAIN IN DETAIL)

SUBSCRIBED AND SWORN TO BEFORE ME

MY COMMISSION EXPIRES 5114 200

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

BROOKE LARSON Notary Public - Arizona Coconino County My Commission Expires March₁14, 2008

DAY OF

COUNTY NAME Coconino

.2005

VERIFICATION AND SWORN STATEMENT RESIDENTIAL REVENUE

RECEIVED

APR 1 8 2005

AZ Corporation Commission

VERIFICATION	INTRAS	STATE REV	ENUES ON	<u> </u>	Director Of Ut	ilities
STATE OF ARIZONA	COUNTY OF (COUNTY NA	ME) COCO	NINO			
, THE UNDERSIGNED	NAME (OWNER OR OFFIC	CIAL) SUSAI	I TEN PAS	TITLE	PRESIDENT	
OF THE	COMPANY NAME F	PONDEROSA UTIL	ITY CORPORATIO	N		
OO SAY THAT THIS ANNU.	<u>AL UTILITY REF</u>	ORT TO	THE ARIZO	NA CORPOR	ATION COMMI	SSION
FOR THE YEAR ENDING	1 "	9AY 31	YEAR 2004			
THE SAME TO BE A UTILITY FOR THE MATTER AND THIN BELIEF.	PERIOD COVER	ED BY TI	HIS REPOR	RT IN RESPEC	T TO EACH A	ND EVI
WORN STATEMENT						
IN ACCORDANCE VARIZONA REVISED REVENUE OF SAID RECEIVED FROM RI	WITH THE REQUESTATUTES, IT UTILITY DERIVES USES IN THE CUSE OF THE	IS HERI VED FROI TOMERS I	EIN REPOR M <u>ARIZON</u> DURING CA	RTED THAT A INTRASTAT LENDAR YEA	THE GROSS OF UTILITY OF R 2004 WAS:	PERAT
SWORN STATEMENT IN ACCORDANCE V ARIZONA REVISED REVENUE OF SAID	WITH THE REQUESTATUTES, IT UTILITY DERIVES USES IN THE CUSE OF THE	IS HERI VED FROI TOMERS I	EIN REPORM ARIZON DURING CA (THE AM INCLUD	RTED THAT A INTRASTAT ALENDAR YEA IOUNT IN BOX ES \$ 14,668	THE GROSS OF UTILITY OF R 2004 WAS:	PERAT <u>I</u>
IN ACCORDANCE VARIZONA REVISED REVENUE OF SAID RECEIVED FROM RI	WITH THE REQUESTRATUTES, IT UTILITY DERIVES OPERATING REVENUES OPERATING REVENUES OPERATING REVENUES OPERATING REVENUES OPERATION OF THE REPORTED ON	IS HERI VED FRO! TOMERS I	EIN REPORM ARIZON DURING CA (THE AM INCLUD IN SALES	RTED THAT A INTRASTAT ALENDAR YEA IOUNT IN BOX ES \$ 14,668 S TAXES BILLE SIGNATURE OF O	THE GROSS OF UTILITY OF R 2004 WAS: AT LEFT ED, OR COLLECT WHER OR OFFICIAL	PERAT <u>I</u>
IN ACCORDANCE VARIZONA REVISED REVENUE OF SAID RECEIVED FROM RI ARIZONA INTRASTATE GROS \$ 252,732	WITH THE REQUESTRATUTES, IT UTILITY DERIVES OPERATING REVENUES OPERATING REVENUES OPERATING REVENUES OPERATING REVENUES OPERATION OF THE REPORTED ON	IS HERI VED FRO! TOMERS I	EIN REPORM ARIZON DURING CA (THE AM INCLUD IN SALES	RTED THAT A INTRASTAT ALENDAR YEA IOUNT IN BOX ES \$ 14,668 S TAXES BILLE SIGNATURE OF O	THE GROSS OF UTILITY OF R 2004 WAS: AT LEFT ED, OR COLLEC	PERAT <u>I</u>
IN ACCORDANCE VARIZONA REVISED REVENUE OF SAID RECEIVED FROM RI ARIZONA INTRASTATE GROS \$ 252,732 *RESIDENTIAL REVENUE MUST INCLUDE SALES	WITH THE REQUESTRATUTES, IT UTILITY DERIVES OPERATING REVENUES OPERATING REVENUES OPERATING REVENUES OPERATING REVENUES OPERATION OF THE REPORTED ON	IS HERI VED FROI TOMERS I	EIN REPORM ARIZON M ARIZON OURING CA (THE AM INCLUD IN SALES	RTED THAT A INTRASTAT ALENDAR YEA IOUNT IN BOX ES \$ 14,668 S TAXES BILLE SIGNATURE OF O	THE GROSS OF UTILITY OF R 2004 WAS: AT LEFT ED, OR COLLECT WIND OF THE PROPERTY OF THE PROP	PERAT <u>I</u>
IN ACCORDANCE VARIZONA REVISED REVENUE OF SAID RECEIVED FROM RI ARIZONA INTRASTATE GROS \$ 252,732 *RESIDENTIAL REVENUE MUST INCLUDE SALES	WITH THE REQUESTATUTES, IT UTILITY DERIVES OPERATING REVENUES OPERATING REVENUE REPORTED ON TAXES BILLED.	IS HERI VED FROI TOMERS I UES	EIN REPORM ARIZON M ARIZON OURING CA (THE AM INCLUD IN SALES GE ——— ME	RTED THAT A INTRASTAT A LENDAR YEA IOUNT IN BOX ES \$ 14,668 S TAXES BILLE SIGNATURE OF O	THE GROSS OF UTILITY OF R 2004 WAS: AT LEFT ED, OR COLLECT WIND OF THE PROPERTY OF THE PROP	PERAT <u>I</u>

MY COMMISSION EXPIRES

SIGNATURE OF NOTARY PUBLIC



To The Board of Directors Ponderosa Utility Corporation Flagstaff, Arizona

We have compiled the accompanying balance sheet of Ponderosa Utility Corporation as of January 31, 2005 and the related statement of income for the year then ended, in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by generally accepted accounting principles. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

This report is intended solely for the information and use of the owners, management, and others within the company and is not intended to be and should not be used by anyone other than these specified parties.

Ullmann & Company, P.C. Certified Public Accountants

Whom & Company

April 5, 2005

Balance Sheet

For the Year Ended January 31, 2005

	Jan 31, 05
ASSETS	
Current Assets	
Other Current Assets	·
132 · Cash - Checking	9,506.53
141 · Accounts Receviable	21,251.13
151 · Materials & Supplies	1,850.00
Total Other Current Assets	32,607.66
Total Current Assets	32,607.66
Fixed Assets	
100 · Plant in Service	
301 ⋅ Intangibles	1,443.27
303 · Land	1,360.71
304 · Structures & Improvements	119,246.89
307 · Wells & Springs	223,843.67
311 · Electric Pumping Equipment	46,166.07
330 · Distribution Reservoirs	71,547.77
331 · T & D Mains	184,607.24
333 · Services	33,403.87
334 Meters & Meter Installation	50,948.54
335 · Hydrants	5,608.88
339 · Other Plant & Equipment	121.09
340 · Office Furniture & Equipment	18,032.18
341 · Transportation Equipment	85,517.04
343 · Tools, Shop & Work Equipment 344 · Communications Equipment	27,127.48 705.88
• • •	1,036.88
345 · Power Operated Equipment 347 · Miscellaneous Equipment	1,471.11
348 · Other Tangible Plant	1,348.04
Total 100 · Plant in Service	873,536.61
	•
200 · Accumulated Depreciation 108 · - Accumulated Depreciation	(593,059.72)
Total 200 · Accumulated Depreciation	(593,059.72)
Total Fixed Assets	280,476.89
TOTAL ASSETS	313,084.55
LIABILITIES & EQUITY Liabilities	
Current Liabilities Other Current Liabilities	
224.01 · Current Portion of L/T Debt	3,100.00
230 · N/P - Shareholder	26,193.20
236 · Sales Tax Payable	1,201.22
236.1 · Income Tax Payable	2.623.00
236.2 · Payroll Tax Payable	1,338.16
240 · Security Deposits	13,068.86
241.1 · Accrued Property Tax	4,457.64
Total Other Current Liabilities	51,982.08
Total Current Liabilities	51,982.08
Long Term Liabilities	
252.5 · Refundable Meter Deposits	24,067.80
256 · Less Current Portion	(3,100.00)
Total Long Term Liabilities	20,967.80
Total Liabilities	72,949.88

Balance Sheet

For the Year Ended January 31, 2005

	Jan 31, 05
Equity Contributions in Aid of Const. 271 · CIAC	95,595.00
272 · Accumulated Amortization - CIAC	(57,698.35)
Total Contributions in Aid of Const.	37,896.65
201 · Common Stock	52,541.00 29.091.18
211 · Paid in Capital 215 · Retained Earnings	83,329.16
Net Income	37,276.68 240.134.67
Total Equity	240,134.07
TOTAL LIABILITIES & EQUITY	313,084.55

Statement of Income

For the Year Ended January 31, 2005

	Feb '04 - Jan 05
Ordinary Income/Expense	
Income	
461 · Metered Water Sales	245,270.63
474 - Other Operating Revenue	4,293.03
408.2 · Sales Tax	(14,894.77)
Total Income	234,668.89
Expense	
601 · Salaries & Wages	64,162.31
615 · Purchased Power	21,500.97
620 · Repairs & Maintenance	11,429.50
657 · Insurance - General Liability	5,751.66
621 · Office Supplies & Expense	11,998.63
630 · Outside Services	12,133.84
635 · Water Testing	4,470.82
650 · Transportation Expense	6,200.72
675 · Miscellaneous Expenses	
675.02 · Bank Charges	654.70
675.03 · Telephone	4,770.82
675.04 · Penalties	56.00
675.06 · Professional Education	96.00
675.08 · Meals & Entertainment	755.73
Total 675 · Miscellaneous Expenses	6,333.25
403 · Depreciation Expense	33,195.84
408 Payroll Tax	5,733.38
408.11 · Property Tax	8,915.28
409 · Income Tax Expense	2,567.00
Total Expense	194,393.20
Net Ordinary Income	40,275.69
Other Income/Expense	
Other Expense	
427 · Interest Expense	2,999.01
Total Other Expense	2,999.01
Net Other Income	(2,999.01)
Net Income	37,276.68